

March 13, 2013

ITEM NO. C7

AUTHORIZATION TO EXECUTE A CONTRACT WITH GENERAL ELECTRIC COMPANY FOR SUPPLY AND DELIVERY OF VARIOUS APPLIANCES TO THE CHA

March 13, 2013

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to execute a contract with General Electric Company (GE) for supply and delivery of various appliances to the Chicago Housing Authority ("CHA") in an amount not-to-exceed ("NTE") \$2,500,000. The contract duration will for a 3-year base term with an option to extend the contract for an additional year.

The Development Executive Vice President ("EVP"), the Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE GOAL: Ensure CHA's portfolio is safe, decent and sustainable

FUNDING: General Fund - FY2013

SOLICITATION SUMMARY

Specification No.: RFP 12 - 00990

Vendor No: General Electric Appliances
Rusha C. Miles, National Accounts Manager
307 N. Hurstbourne Parkway
Louisville, KY 40222

Contract Type: Supply and Delivery

Solicitation Release Date: November 16, 2012

Base Contract Amount: \$2,500,000 (NTE)

Days Advertised: 33 business days

Base Contract Period: three (3) year

Addendum(s): 1

Option Period: one (1), one (1) year

Pre-Bid/Proposal Date: December 4, 2012

Publications: Chicago Sun-Times, Defender, Extra, CHA website, BuySpeed

Solicitation Due Date: January 2, 2013

Vendor List: 23

Assist Agencies: 64

Pick-Up List: 22

Respondents: 3

M/W/DBE Participation: GE Waiver is approved

Section 3: Not applicable to supply and delivery contracts

GENERAL BACKGROUND

For the past five (5) years, the CHA has successfully utilized the goods and services of an appliance manufacturer with delivery provided on a "just-in-time" basis. The "just in time" delivery model is a critical component because it requires minimal warehousing of the appliances by the CHA and allows appliance to be delivered within a set time-frame. The ability to procure appliances with an established contract unit pricing structure, below normal market rates, has been advantageous and cost effective for the CHA. The CHA has the ability to maintain cost effective control and ease of delivery when new appliances are required. It is the CHA's intent to establish a new requirements contract for the purpose of purchasing appliances from a qualified manufacturer.

The CHA is required by HUD regulations to ensure appliances, comply with U.S. Department of Energy guidelines, and be EnergyStar™ rated. Additionally, select appliances will be designated with the ADA/504 compliant certification to serve our residents, as needed. The GE will deliver appliances ordered by CHA on a "just in time" basis. GE will provide an internet based platform for ordering, tracking and delivery of the appliances and will also provide a maintenance training program to CHA.

The CHA intends to establish a new requirements contract for the purpose of purchasing appliances from a qualified manufacturer that provides benefits to the CHA as follows:

1. Standardization of the appliances used throughout the CHA, limiting the amount of mark-up on the pricing structure to a single entity
2. Ability to lock in initial unit prices, subject only to adjustments for increases in refrigerator prices due to periodic Federal EnergyStar™ regulation changes, and all appliances due to potential increases in the Producer Price Index (PPI) for metals, plastic and rubber, over the length of a multiple year contract.
3. Ability to purchase a variety of appliances at a cost savings to the CHA.
4. Availability of all CHA's departments to use this annual requirements contract to procure appliances as needed.
5. Ability to deliver appliances on a "just-in-time" basis.
6. Ability to purchase, track the delivery and check availability of appliances through a web based application.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable Department of Housing and Urban Development procurement laws.

The EVP of Development concurs with the recommendation to enter in a contract with GE as the lowest responsible, responsive, bidder for supply and delivery of various appliances to the CHA in an amount not-to-exceed \$2,500,000. The contract's duration will be for a 3-year base term with an option to extend the contract for an additional year.

The CEO/President recommends the approval to execute a contract with General Electric Appliances for supply and delivery of various appliances to the CHA.

RESOLUTION NO. 2013-CHA-24

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated March 13, 2013, entitled "AUTHORIZATION TO EXECUTE A CONTRACT WITH GENERAL ELECTRIC COMPANY FOR SUPPLY AND DELIVERY OF VARIOUS APPLIANCES TO THE CHA";

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners authorize the Chief Executive Officer or his designee to enter into a contract with General Electric Company for supply and delivery of various appliances to the Chicago Housing Authority in an amount not-to-exceed \$2,500,000. The contract duration will be for a 3-year base term with an option to extend the contract for an additional year.

This award is subject to CHA's approval of a waiver to its MBE/WBE/DBE requirements. Section 3 compliance is not applicable to supply and delivery contracts.

